

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UF 4221(1)

In the Matter of)	
)	
AVISTA CORPORATION)	ORDER
)	
Request to Amend Order No. 05-1081 to)	
increase the amount of securities authorized)	
to be issued to \$150 million.)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS
AND REPORTING REQUIREMENTS**

On September 21, 2005, Avista Corporation (Avista) submitted an application to the Public Utility Commission of Oregon (Commission), requesting authority to issue and sell not more than \$100 million of securities. On October 11, 2005, the Commission granted the requested authority and issued Order No. 05-1081.

On November 16, 2005, Avista filed an application requesting the Commission amend Order No. 05-1081, to increase the Company's security issuance amount by \$50 million. The total issuance amount would be amended to be \$150 million. The basis for the current request is detailed in Staff's Report, attached as Appendix A.

Based on a review of the application and the Commission's records, the Commission finds that this application satisfies applicable statutes and administrative rules. At its public meeting on November 22, 2005, the Commission adopted Staff's recommendation and approved Avista's current request.

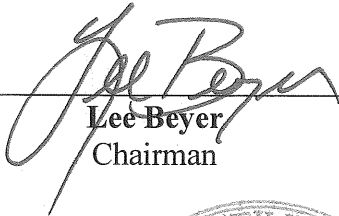
ORDER

IT IS ORDERED that:

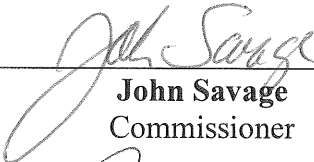
1. The request of Avista Corporation to Amend Order No. 05-1081 to increase the amount of securities authorized to be issued to \$150 million is granted.
2. Avista Corporation shall file the usual Report of Securities Issued and Disposition of Net Proceeds Statements after each issuance and sale, and continue to demonstrate that it achieves a competitive rate on its securities.

- 3. The conditions, reporting requests, and other terms of Order No. 05-1081 shall remain in full force and effect.
- 4. For ratemaking purposes, the Commission shall reserve judgment on the reasonableness of the Company's capital costs, capital structure and any associated commissions and expenses incurred for security issuances. In its next rate proceeding, the Company will be required to show that its capital costs, including imbedded expenses and structure, are just and reasonable.

Made, entered, and effective NOV 29 2005.



Lee Beyer
 Chairman



John Savage
 Commissioner



Ray Baum
 Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

ITEM NO. 5A

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 22, 2005

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: November 17, 2005

TO: Public Utility Commission

FROM: Ming Peng. *mp.*

THROUGH: *u* Lee Sparling, *D* Marc Hellman, and *BA* Bryan Conway

SUBJECT: AVISTA UTILITIES: (Docket No. UF 4221(1)) Requests the Commission Amend Order No. 05-1081.

STAFF RECOMMENDATION:

I recommend that the Public Utility Commission of Oregon (Commission) approve Avista Utilities (Avista or Company)'s request to amend Commission Order No. 05-1081 with the following conditions and reporting requirements:

1. Avista shall file the usual Report of Securities Issued and Disposition of Net Proceeds Statements after each issuance and sale, and continue to demonstrate that it achieves a competitive rate on its securities.
2. The conditions, reporting requests, and other terms of Order No. 05-1081 shall remain in full force and effect.
3. For ratemaking purposes, the Commission shall reserve judgment on the reasonableness of the Company's capital costs, capital structure and any associated commissions and expenses incurred for security issuances. In its next rate proceeding, the Company will be required to show that its capital costs, including imbedded expenses and structure, are just and reasonable.

DISCUSSION:

On September 21, 2005, Avista filed an application with the Commission, pursuant to Oregon Revised Statutes (ORS) 757.415 and Oregon Administrative Rules (OAR) 860-027-0025 & 860-027-0030 for authority to issue and sell not more than \$100 million

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million of securities. On October 11, 2005, the Commission granted the requested authority and issued Order No. 05-1081.

On November 16, 2005, Avista filed an application requesting the Commission amend Order No. 05-1081. The amendment revises the Company's security issuance amount, increasing it by \$50 million. The total issuance amount will be \$150 million, instead of the current \$100 million in Order 05-1081.

Under Order No. 05-1081, the Company has just completed the issuance of \$100 million of securities. Avista represents that the Company has a substantial amount of debt securities that will mature in the coming years, and this additional authority will allow the Company to issue securities in the current attractive interest rate market. The additional issuance of the requested authority allows the Company greater flexibility to manage its funds and reduce borrowing costs, and therefore, continue the Company's return to financial health.

The Company also represents that the expenses, interest rate and use of proceeds will adhere to the conditions in Order 05-1081.

Based on Staff's review, approval of Avista's application to amend Commission Order No. 05-1081 with the proposed conditions will provide reasonable access to the capital markets. The application appears reasonable, meets the appropriate statutory requirements, and is not contrary to the public interest.

PROPOSED COMMISSION MOTION:

Avista's request to amend Commission Order No. 05-1081 to issue an additional \$50 million of debt securities be approved with Staff's conditions.

UF 4221(1) – Avista's Application Requests the Commission Amend Order No. 05-1081.